

## LNF & IHCIF Calculations Illustration

### - SISSET-WAHPT in Aberdeen area -

#### Given Data

- 5,822 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 35% = % Expenditures on purchased services, 65% = % expenditures in-house
- 93.0% = Cost index for purchasing health care in this geographic area
- 110.5% = Size cost index for in-house costs due to small or large size
- 108.7% = Aberdeen area cost index for health status above or below average

#### Cost Adjustment Calculations

- \$979 per person for purchased services =  $35\% * 93.0\% * \$2,980$
- \$2,128 per person for in-house services =  $65\% * 110.5\% * \$2,980$
- \$3,107 per person total = \$979 (purchase) + \$2,128 (in-house)
- **\$3,378 per person total** adjusted for health status =  $\$3,107 * 108.7\%$
- **\$2,633 per person net cost** =  $\$3,378 - \$745$  Other resources (M&M&PI)

#### Existing Expenditures (for 5,822 users excluding wrap-around and collections)

- \$1,086 per person = local IHS allowance (excludes \$ for wrap-around)
- \$203 per person = expenditures elsewhere in Aberdeen area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,343 per person for OU users** =  $\$1,086 + \$203 + \$54$

#### LNF Calculation

- **39.8% Gross LNF** =  $\$1,343$  (expenditures) /  $\$3,378$  total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **51.0% Net LNF** =  $\$1,343 / \$2,633$  net cost ( $\$3,378 - \$745$  other)

#### IHCIF Allocation

- \$1,376,548 = \$ to raise LNF% from 51.0% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction =  $\$9,000,000$  fund /  $\$258,040,100$  needed
- **\$48,014 Allocation** =  $\$1,376,548$  needed for 60% \* 3.488% IHCIF fraction

#### SISSET-WAHPT Unmet Needs

- **\$15,330,614 Net Total Need** = 5,822 users \* \$2,633 net cost
- **\$7,508,794 Net Unmet Need** =  $(100\% - 51.0\% \text{ LNF}) * 5,822 \text{ users} * \$2,633 \text{ net cost}$